

Montana Public Employee Retirement Administration

MPERA



The MPERA will efficiently provide quality benefits, education and service to help our plan members and beneficiaries achieve a quality retirement.

Reporting for the Retirement Systems

News to use – for employers

This newsletter provides information for employers who provide employee payroll reports to the Montana Public Employee Retirement Administration (MPERA). The retirement systems administered by the MPERA include: the Public Employees' (PERS), Sheriffs' (SRS); Game Wardens' and Peace Officers' (GWPORS); Judges' (JRS); Municipal Police Officers'; (MPORS); Highway Patrol Officers' (HPORS); and Firefighters' Unified (FURS) retirement systems.

Employers, payroll clerks, county commissioners, members of boards, city and county officials, and others involved in retirement reporting should receive this newsletter. Extra copies are included in the mailing to employers for distribution as needed. **This newsletter is not intended for distribution to employees or members who are not involved in retirement reporting.**

The purpose of the MPERA employer newsletter is to inform you of changes to payroll reporting and to provide you with information to assist in the retirement payroll reporting process. It also provides specific information to answer employee's questions. Payroll clerks should place a copy of this newsletter in the *Reporting Handbook* for easy reference.

Handbook updates planned

The MPERA plans to update the employer reporting handbook for PERS by the first part of 2001. Sections for the other retirement systems will be completed for addition to the handbook. This new information will be provided to all retirement system reporting agencies.

The handbook is a complete reference for payroll clerks when preparing reports for the MPERA.

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Should any information in this newsletter conflict with statute or rules, the statute or rules will apply.

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Payroll Reporting

Check your report carefully –

Accurate and timely payroll reports are important. The reports are due to the MPERA no later than the 15th of the following month. (e.g., October payroll report is due November 15.) The sooner we receive your report, the sooner your employee's account will be updated. Penalty charges will be billed to the agency for late reports.

The following information must appear on each payroll report:

- Agency Name
- Agency Type and Number
- Month/Year of the Report
- Payroll Clerk's Signature
- Agency Phone Number

Other information to include:

1. Mark employees "terminated" on the last payroll report on which you will report them.
2. Report the hours an employee works.
3. Report new employees on the new employee page - include hire date, hourly rate, if full or part-time, and if permanent, seasonal, or temporary.
4. Membership cards must accompany the first report of a new employee.

Electronic media reporting:

Agencies who report by electronic file transfer or a diskette must also send a computer-generated copy of the report to the MPERA. Review this report to ensure that:

- All information enumerated in number "1" and "2" on this page is reported.
- The report is correct and complete.
- It is signed and agrees with the diskette or electronic file.

Adjustments:

Adjustments made within a month can be reported to the MPERA on the month's payroll report. If retirement contributions are not withheld for an employee for more than one month, you must send us a letter which includes:

- An explanation of the error.
- Certification of the salary information.
- The employee's name, social security number, and a monthly breakdown of salary, contributions and hours worked.

Note: DO NOT send payment for adjustments with the letter. MPERA will send you a bill for the outstanding employee contribution, employer contribution, and interest charges.

Web Reporting . . .

Watch for future information on web reporting and timelines for changes to the employer payroll reporting process.



The Montana Public Employees' Retirement Board has been awarded the *Certificate of Achievement for Excellence in Financial Reporting* by the Government Finance Officers Association of the United States and Canada (GFOA) for its comprehensive annual financial report (CAFR).

The Certificate of Achievement, awarded to Roxanne Minnehan, Fiscal Services Bureau Chief, is the highest form of recognition in the area of public employee retirement system accounting and financial reporting. Its attainment represents a significant accomplishment. The CAFR requires a lot of time, skill, attention to detail, and the dedication of several individuals. The MPERA Fiscal Services Bureau staff strives to improve upon the information provided each year.

The CAFR has been judged by an impartial panel to meet the high standards of the program. These standards include demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the CAFR.

Info on Refunds -

A retirement system member who ends covered employment, other than by death or retirement, is eligible for a refund of their accumulated contributions. They may receive a lump-sum refund or have their eligible contributions rolled over to a qualified retirement plan. The MPERA does not automatically refund the member's account; the member must request a refund.

Requesting a refund:

A member must request a refund by completing the *Application for Lump-Sum Withdrawal of Contributions* form. Employers and employees must each complete appropriate sections of this form. **The "final payment information" requested on the form is the last month the employee's name will appear on the payroll reported to the MPERA.**

The employer should submit this form to the MPERA as soon as it is completed.

Mandatory refunds:

Retirement system members who terminate employment are required to receive a refund if: (1) They are not vested (less than five years of membership service); **and** (2) They have less than \$5,000 in their account.

NOTE: When employees are changing to a job covered by the same retirement system, they are not eligible to receive a refund.

Education for the DC Plan (for the PERS)

On July 1, 2002, a new retirement plan option will be available for all *active* PERS members. The new retirement plan option will be a Defined Contribution (DC) plan. The DC plan will not be available for members of the other retirement systems administered by the Board.

All *active* PERS members will be given the opportunity to choose the new DC plan or stay in the current Defined Benefit (DB) plan. The choice will be irrevocable. This means that active PERS members will be making a lifetime decision. A clear knowledge and understanding of both the DB and DC plans will be vital for making this decision. Education is the key to help members understand the plans and the necessity of retirement planning.

The MPERA is planning an extensive member education campaign. Planned educational tools and materials include: paycheck stuffers, newsletters/updates, interactive websites, personalized statements and projections, workbooks, modeling software, telephone support centers, and seminars. Before these tools and materials are given to members, we will share them with you. Your input and feedback will be invaluable in helping us finalize the education campaign.

When the tools and materials are ready for members, we will request your assistance in: 1) ensuring we have current member addresses for direct home mailings; 2) distributing paycheck stuffers and general newsletters; and 3)

supporting and encouraging your employees to review the tools and materials and attend seminars.

At no time will you - the employer - be expected or asked to provide guidance or advice to your employees. We ask that you refer your employees to the appropriate resource when they have questions. As the education campaign is developed, we will provide you with access to the available resources. If you or your employees have questions now, please contact the MPERA.

Work Related Injuries



If your employee is injured on-the-job, they may purchase the missing time for service credit upon their return to work. This is only for members of the PERS, HPORS, SRS, and GWPORS. When the employee returns to work, they must complete an *Election to Qualify Absence* form indicating their preference to qualify the absent service. If they choose to qualify this service, employers must complete the certification forms attached to the election form and return both forms to the MPERA. A cost statement will be generated for the member and you will receive a bill for the outstanding employer balance due.

NOTE: It is the employer's responsibility to ensure an employee who is absent from work, due to a work-related injury, completes a form indicating whether or not they wish to qualify the absence.

OPTIONAL MEMBERSHIP ELECTION (for the PERS)

PERS membership is mandatory for employees in positions covered by the PERS unless the law provides an exception as listed in §19-3-412, MCA. If membership is optional, the employer must let the employee choose whether to be a member. All new employees in positions for which PERS membership is optional must complete an *Optional Membership Election* form within 180 days of the date hired. When completed, employers must mail the top of the two-part form to the MPERA and keep the second part in their file.

Included in the employment for which PERS membership is optional, are employees scheduled to work less than 960 hours in a fiscal year in a PERS-covered position. The employee automatically becomes a member upon exceeding the 960 hours. The 960 hours is cumulative if the employee works in more than one PERS-covered position.

Membership is not optional, in a PERS-covered position, if an employee is already a PERS member. (e.g., an employee transferring from another PERS-covered position or an inactive PERS member returning to work.)

Announcing our name change . . .

As most of you are aware, the **Montana Public Employee Retirement Administration (MPERA)** is the name selected to identify the Public Employees' Retirement Board (PERB) staff. The MPERA welcomes the opportunity to serve our retirement system members and the employers reporting for the retirement systems. Listed below is a directory of primary contacts, and information for your convenience in contacting our office.

MPERA Phone: 406-444-3154
1712 9TH AVENUE Toll Free: 877-275-7372
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Web Site: <http://www.state.mt.us/doa/perb/perb.htm>

DIRECTORY OF MPERA CONTACTS:

Benefit Questions:

Bernie 444-3953
 Carrie 444-5460
 Kathy H. 444-3978
 Marjorie 444-5454

Disability Benefit Questions:

Ian 444-5444

Family Law Orders

Lucie Willson 444-7939

Payroll and/or Account Balances

Mary 444-5458
 Jere 444-3147

Refund Information:

Doreen 444-2953

DC Plans:

Kathy S 444-2996

DC Education:

Carolyn 444-3537

Purchase of Service Tax-Deferred Payments

The Internal Revenue Service (IRS) ruling allowing the MPERA to implement the purchase of service with tax-deferred payroll deductions was received last December. Active members may now purchase optional service with tax-deferred payroll deductions. This means a tax savings for members who buy service on installment contracts. Once selected, the purchase contract cannot be terminated except by death or termination of employment. Payment schedules cannot be less than three months or more than 60 months (five years).

Initiating a contract . . .

To receive a cost statement and for information about initiating a service purchase contract, advise your employees to contact the MPERA **in writing**. They must provide the following information to receive a cost statement: full name, current address, social security number, and the type of service they wish to buy. After receiving a cost statement, employees must complete and sign the *Payroll Deduction Authorization* form. Employers must also sign this form which authorizes additional payroll deductions for the service purchase. It is a three-part form with one part each for the member, the employer, and one to be returned to the MPERA as soon as the form is completed and signed.

Note to Employers: Do not withhold any additional retirement contributions for employees if you do not have a service purchase contract.

Membership Cards To Accompany Payroll Report

All new employees must complete a membership card on the first day of employment. The card should represent the retirement system in which they are employed. **This card is a very important document and must accompany the payroll report on which the member is first reported.** Members should update the information on their membership card when it changes. *Please send the card for new members or other changes with your payroll report.*



A Check List . . .

1. All information on membership cards must be completed: names, current address (for the PERS), dates, sex, birth date, and beneficiary information.
2. The witness must be someone **other** than the beneficiary.
3. The member must sign the card.
4. A member's signature must exactly match the name on the front of the card.
5. The member must use the complete first name, not just an initial.
6. The member must be listed on the payroll report which the card accompanies.
7. The social security number on the card must match the one on the payroll report.
8. Send the original card, not a photo copy to the MPERA.

Member Handbooks Distributed . . . for PERS, SRS, GWPORS, JRS, MPORS & HPORS

Thank you to agencies and, in particular, payroll clerks for your continued assistance in distributing the MPERA newsletters, personal statements of account, and in this last year, the six updated member handbooks. The PERS, SRS, GWPORS, and JRS handbooks were completed and distributed to agencies earlier this year and in September employers received the MPORS and HPORS member handbooks for distribution. The FURS member handbook will be updated and distributed to employers by November. Contact our office if you need additional copies of any of these member handbooks.

Beneficiaries

Designation on Membership Card

When a member is hired they must complete a membership card. Naming the beneficiaries on the card is very important. Employers should ensure that "P" primary or "C" contingent are circled for each listed beneficiary before the card is sent to the MPERA. At the death of an active or inactive member, a named beneficiary may receive a death benefit. Any person, charitable organization, or trust, may be designated as a beneficiary. A member may designate more than one primary and contingent beneficiary. Contingent beneficiaries will receive something only if no living primary beneficiary exists. The statutes in some systems require payment to a specific person at the death of a member. If no statutory beneficiary survives a member in these retirement systems, the named beneficiary will receive the benefit.

Employers should advise members to **update their designated beneficiaries** as personal circumstances change. Changes must be made by completing and filing a new membership card. Some of the circumstances which may require a change in listed beneficiaries would be the death of a named beneficiary, a change in marital status, etc. When a member retires they will be asked to designate beneficiaries on a new form. They can designate new beneficiaries at that time if they wish.

Retired members must request a *Change of Beneficiary* form from the MPERA. Employers should direct any requests from retired members regarding changes to their beneficiary information to the MPERA.

Reporting Working Retirees ... for the PERS & SRS

Many retirees are returning to work, whether filling in for a few days/weeks, or returning to work on a special project. Current law imposes various limits on working retirees in some retirement systems, and if they exceed the limits, their retirement benefit will be reduced. Employers must file a *Monthly Working Retiree Certification* form with the MPERA each month for PERS and SRS working retirees. The report will account for total paid hours and total wages each month. The employer **and** employee must sign this report. **Do not withhold any retirement contributions from compensation paid to these retirees employed by your agency.** Limits for the PERS and the SRS working retirees are summarized below.

Limits for PERS . . .

A retiree may work any number of hours in a PERS-covered position during any calendar year, however, their retirement benefit will be reduced \$1 for each \$1 earned from employment when the following limits are exceeded:

- Retirees under age 65, can work up to 640 hours without a reduction in their retirement benefit;
- Retirees age 65 to 70 ½, **either** the 640-hour limit **or** an earning limit, whichever is higher, will be applied. (The earning limit is equal to the member's final average salary adjusted for inflation).

Note: There are no limits for a retiree over age 70 ½ and no report is required.

A PERS member who retired under the incentives provided for in the **Employee Protection Act (EPA)** or the **Retirement Incentive Program (RIP)** is limited to 599 hours, regardless of age, if they return to work for the same jurisdiction.

Limits for SRS . . .

A sheriff re-employed in an SRS-covered position for less than 60 days during a calendar year is not required to become an active member. However, their benefit will be reduced \$1 for each \$3 earned in excess of \$5,000 in a calendar year.

Health Insurance Premiums

All questions concerning the employer's health insurance plan and changes for the monthly insurance premium withholdings for retired public employees **must be directed to you, the employer.** The former employer **and** the retiree must complete the *Authorization for Deduction of Health Insurance Premiums* form. Send the form to the MPERA before the 15th of the month. (e.g., November premiums must be to the MPERA prior to October 15.) The premium will be withheld from the retiree's benefit. Rate changes must be made on a photo copy of the *Monthly Insurance Premium Withholding List* provided by the MPERA. Indicate the appropriate changes, sign and date the report, and return it to our office.